



In the United States Patent and Trademark Office

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Title: Persistent Dynamic Payment Service
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**Petition to Make Special as an Invention for Countering Terrorism
(MPEP 708.03 XI)**

Honorable Commissioner for Patents
Washington, DC 20231

Sir:

Applicants hereby respectfully request that their application as identified above be granted "special" status as a counter-terrorism invention. The petition fee of \$130.00 under 37 CFR 1.17(h) is remitted.

Background

The Patent and Trademark Office will accord special status to applications relating to counter-terrorism inventions (MPEP 708.03 XI). Terrorism is defined in 18 U.S.C 2331, as amended by H.R. 3162 'Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act)'. The amended 18 U.S.C. 2331 identifies two types of terrorism either International Terrorism or Domestic Terrorism.

International Terrorism means activities that (A) involve violent acts or acts dangerous to human life that are a violation of the criminal laws of the United States or of any State, or that would be a criminal violation if committed within the jurisdiction of the United States or of any State; (B) appear to be intended – (i) to intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction, assassination, or kidnapping; and (C) occur primarily outside of the territorial jurisdiction of the United States, or transcend national boundaries in terms of the means by which they are accomplished, the persons they appear intended to intimidate or coerce, or the locale in which their perpetrators operate or seek asylum.

Domestic Terrorism means activities that (A) involve acts dangerous to human life that are a violation of the criminal laws of the United States or of any State; (B) appear to be intended - (i) to intimidate or coerce a civilian population; (ii) to influence the policy of a

government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction assassination, or kidnapping; and (C) occur primarily inside of the territorial jurisdiction of the United States.

The types of technology for countering terrorism could include, but are not limited to, systems for detecting/identifying explosives, aircraft sensors/security systems, and vehicular barricades/disabling systems (MPEP 708.03 XI).

Relation of Counter-terrorism to Financial Transactions

The terrorist attack on the United States on September 11, 2001 resulted in Congress expanding the view of counter-terrorism by H.R. 3162 to include tracking world wide terrorist organizations rather than merely preventing individual instances of terrorism as indicated by the examples listed in the previous paragraph. Title III of H.R. 3162, entitled, "The International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001", directs the Treasury Secretary to adopt regulations to encourage or require financial institutions and their regulatory authorities to share financial information regarding individuals, entities, and organizations engaged in or reasonably suspected of engaging in terrorist acts or money laundering activities with law enforcement authorities.

In Section 5319 of H.R. 3162, Congress made a finding that records of financial institutions may "also have a high degree of usefulness in the conduct of intelligence or counterintelligence activities, including analysis, to protect against domestic and international terrorism".

Congress also recognized attacks on the financial system to be acts of terrorism per se, in Section 105 where the Director of the United States Secret Service was directed to "develop a national network of electronic crime task forces throughout the United States, for the purpose of preventing, detecting, and investigating various forms of electronic crimes, including potential terrorist attacks against critical infrastructure and financial payment systems."

Relevant anecdotal evidence of the relationship between financial transactions and terrorism is listed below.

1. The National Security Agency is using software used by credit card firms to spot fraudulent use to search for terrorist activities. (San Jose Mercury News, October 10, 2001, page 10A).
2. The Spanish indictment of eight alleged Al-Qaida members linked to the September 11 attack on the United States alleges that the Madrid cell finances itself through robberies and credit card fraud.
3. Terrorism suspects are often linked to credit card fraud activities as a means of financing their activities. (numerous news articles)

Brief Description of Relevant Embodiments of Applicants' Invention

The applicants' invention comprises, online methods, systems and software for improving the security of payments made from financial accounts such as credit cards, debit cards, and checking accounts. A basic embodiment of the invention is an improvement to the existing process for making an online payment from a payer to a merchant in an online transaction over a network such as the Internet, wherein the improvement comprises making an on-line third party service available to the payer, which third party service is integrated with or in communication with a credit card issuer. The third party service performs the acts of allowing the payer to establish a persistent communication channel with it, authenticating the payer prior to making a payment with the merchant, and authenticating the payment by verifying that the persistent channel is available. Thus the credit card can not be used for a purchase unless the persistent channel has been established and is open at approval time. The third party service can interactively communicate with the payer at approval time to further authenticate the payer or confirm the purchase.

A second embodiment of the invention is distinguished from the first embodiment as follows:

1. The payer is assigned a proxy credit card number which number is linked to one or more actual financial accounts in a database maintained by the third party service.
2. The third party service is associated with a Payment Processor bank, which need not be the card issuer.
3. The proxy credit card number contains routing information that causes a payment involving it to be routed to the Payment Processor bank that stands in place of the card issuer.

A third embodiment of the invention is distinguished from the second embodiment in that the third party service mediates the purchase activity of the payer at the Merchant's network site, so that details of the purchase may be captured by the third party and associated with the credit card payment.

An important feature of the invention is that it is capable of wide scale implementation because it is an additional component to the existing payment approval system and does not involve discarding the existing system.

Statement of How the Applicants' Invention Contributes to Countering Terrorism

The invention makes credit card transactions more secure and traceable. It contributes to countering terrorism as follows:

Protections against broad terrorist attacks against the financial system involving credit/debit accounts

1. Banks that employ the improvement are protected against broad attacks on the financial system by terrorists through organized fraudulent credit/debit card fraud.
2. Banks that employ the improvement are protected against fraudulent use of credit cards by individual terrorists.

3. If the second embodiment of the invention was adapted broadly, the banking system in general would be protected.
4. Cardholders using the invention are protected against misuse of their account in either a broad attack on the banking system or individual credit card fraud by terrorists.

Interference with terrorist activities

5. Terrorists using credit card fraud as a means of financing their operations would find increased difficulty as use of the invention increased, since stolen credit cards or credit card numbers could not be used without authentication on the persistent channel. The information needed for authentication would not typically be stolen with a credit card.
6. The second embodiment of the invention avoids passing a useable credit card number from payers to merchants over the Internet or storing credit card information on the Merchant's site. These are among the most vulnerable steps for terrorists to steal credit card information.

Utility of the Invention for Gathering Strategic Information about Terrorist Activities

7. Existing payment systems have fixed standardized message layouts which do not allow financial institutions to capture information about what was purchased. Financial institutions know where a purchase was made, but not what was purchased. (i.e. made a purchase at Amazon.com, not bought a book on explosives). In the third embodiment of the Invention, addition of the new channel enables information on what was purchased to be electronically captured by the third party service. This feature allows monitoring of transactions, even in real time, for suspicious purchase patterns which fit a potential terrorist profile.

An example of the potential beneficial use of the invention in gathering counter-terrorism intelligence is illustrated with respect to the September 11 attack. It has been widely reported that several of the suspects in the World Trade Center Attack purchased their tickets in different names using the same credit card (Card Forum Newswire, September 13, 2001). Monitoring activities as described above could detect the unusual purchase activities, such as occurred.

8. The second embodiment of the invention consolidates a consumer's accounts into one system characterized by a single proxy account number. If widely implemented, the third party service's database would provide a comprehensive compilation of a terrorist's purchase activities. Monitoring the comprehensive database would facilitate the identification of suspect activities by authorities monitoring the account under the new authority of H.R. 3162.

Conclusion

Applicants believe that they have met the burden of showing that their invention has substantial utility for countering terrorism. It is respectfully requested that their application, previously captioned, be afforded special status as referred to in MPEP Section 708.03 XI.

Respectfully Submitted,

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